ANNUAL REPORT

of the

ALBERTA DAIRY CONTROL BOARD

for the year

1988 – 1989

Alberta
AGRICULTURE

ANNUAL REPORT

of the

ALBERTA DAIRY CONTROL BOARD

for the fiscal year

ending March 31, 1989

90-00328/

CHAIRMAN'S MESSAGE

The annual report of the Alberta Dairy Control Board provides information on Board's mandate and main activities. It also contains statistical data pertaining to dairy producers, processors, as well as milk and cream production and sales.

I hope you will find this report informative and useful. However, should you have any recommendation as to how this report may be improved to serve you better, we would like to hear from you. We, at the Dairy Board, are committed to provide you with the best possible service and with your input we are confident we can accomplish that objective.

The 1988-89 dairy year proved to be an eventful one for the dairy industry. There were some challenges to the milk supply system and the National Milk Marketing Plan. The most important challenges include: Canada - U.S. Free Trade Agreement (FTA), General Agreement on Tariffs and Trade (GATT) negotiations, U.S. challenge to Canadian Import Controls and internal challenge to the National Milk Marketing Plan.

Without going into any details and as it was anticipated, the Canada - U.S. Free Trade Agreement did not adversely affect Canadian milk supply management system.

U.S. challenge to the Import Controls on ice cream, yogurt and other related products has not been decided on at the time of this publication. It is being considered by GATT panel in Geneva, specifically set up to deal with this issue. It is hoped that previously negotiated Import Control List can be protected.

Internal challenges to the National Milk Marketing Plan have been addressed and reviewed by the Study Team, membership of which consisted of provincial representatives, Dairy Farmers of Canada, National Dairy Council and the Canadian Dairy Commission. While not all provincial demands have been accommodated, significant progress has been made so

that all provinces, signatories to the Plan, reinforced their commitment by agreeing not to use the Opt out clause as contained in the Plan for the next five years, to July 31, 1994.

At a provincial level, much of the time and effort has been devoted to restructuring Alberta dairy industry. Although not finalized, it is expected that final agreement may be reached in time for the implementation in the next dairy year.

In closing, I am taking this opportunity to express my sincere appreciation to the members of Alberta Dairy Control Board and Staff, Policy Committee, Alberta Milk Producers' Society, Alberta Dairymen's Association, processors, dairy producers and the Department of Agriculture for the valuable contribution and interest in Alberta dairy industry.

Mike Dordevic,
Chairman

ALBERTA DAIRY CONTROL BOARD

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Authority and Mandate

The Alberta Dairy Control Board is a Crown Corporation, operating under the authority of the Dairy Board Act.

The purpose of the Dairy Board is to control and regulate the sale of milk in Alberta. The Board's responsibilities cross all three sectors of the industry; fluid milk, industrial milk and cream.

Membership of the Board consists of three active dairy producers, one consumer representative and a full time Chairman. The Chairman reports directly to the Minister of Agriculture. The Board has employed ten full time staff to administer dairy policy within Alberta.

The Alberta Dairy Control Board is one of the signatories to the Comprehensive Milk Marketing Plan (the National Plan governing the production of industrial milk in Canada). The Board has accepted the responsibility of administering market share quota, collecting the appropriate levies, and remitting them on behalf of Alberta producers. Mike Dordevic, Chairman, represented Alberta on the Canadian Milk Supply Management Committee, responsible for balancing milk production with domestic and export demand.

Dairy policies are developed with the objective to provide efficient producers and processors of milk and cream an opportunity of obtaining a fair return for their labor and investment. Of equal importance is that of providing consumers of dairy products with a continuous supply of high quality dairy products at reasonable prices.

The Board has a responsibility to establish the producer price for milk used in all classes except class I. Under authority in the Dairy Board Act, the responsibility is given to the Public Utilities Board to establish the price for class I milk.

ALBERTA DAIRY CONTROL BOARD

BOARD MEMBERS

Mike Dordevic (Chairman)	----- Wetaskiwin
Mrs. M. Chorny (Consumer)	----- Calgary
Reid Cameron (Producer)	----- Millet
James Hunter (Producer)	----- Medicine Hat
Albert Kastelic (Producer)	----- Sangudo
Lloyd Johnston (Secretary-Manager)	----- Wetaskiwin

BOARD STAFF

Brian Allen (Inspector)	----- Airdrie
Robin Laderoute (Accountant)	----- Wetaskiwin
Therese Fitzgerald (Market Share Clerk)	----- Wetaskiwin
Dianne Savage (Secretary)	----- Airdrie
Emma Elliott (Secretary)	----- Wetaskiwin
Marj Loov (Secretary)	----- Wetaskiwin
Denice Monaghan (Secretary)	----- Wetaskiwin
Maria Siegl (Secretary)	----- Lethbridge

Operations

The dairy industry did not experience any significant changes in production or consumption during the 1988-89 year. Sales of fluid products decreased by a modest 0.02 percent. Cream sales increased 1.02 percent. A new product in 1 % partly skimmed milk was introduced during the period. At March 31, 1989 it had captured 10 percent of the fluid milk market. Skim milk sales decreased 5.5 percent and 2 % partly skimmed milk sales declined by 8.26 percent. Low fat milk, including skim, 1% and 2% combined to represent 74 percent of total milk sales.

The number of producers continued to decline with the sharpest drop occurring in the cream sector. As of March 31, 1989 there were 2051 active producers; 1411 held fluid quota, 53 delivered milk and held only market share quota and 587 delivered farm separated cream. This represents a 1.55 percent decline overall and 1.8 percent among the 1464 milk producers.

The Graduated Entry Program exchanges fluid milk quota for market share quota. The program was designed for an industrial milk producer or cream producer to obtain up to 200 litres of daily fluid milk quota over four years. There were 169 producers who received the second allotment on August 1, 1988. The final allotments in this program will occur on August 1, 1989 and 1990.

Total production under market share quota in the period ending July 31, 1988 was 103.37 percent of the provincial allocation of 11,354,000 kg.

Producers received a refund of over-quota levies paid on deliveries up to 107.8 percent of market share quota. Production to March 31, 1989 indicated that Alberta's MSQ allotment will be met at near the 100 percent level.

A. Fluid Milk

The Dairy Board licenced 1464 fluid milk producers, 26 processors and 137 distributors during 1988-89.

Fluid milk quotas were set, adjusted and transferred during the year. Total daily fluid quota allotted to producers was 961,760 litres.

The Board operated a fluid milk equalization pool for Alberta milk producers.

Utilization of all milk received by processors was reported to the Board. The utilization and production figures were used to determine quota and over-quota prices each month to be paid to producers. Through the fluid milk equalization pool, the Board collected money from some processors and paid to others in a manner that allowed all producers to be paid the same amount per hectolitre of quota and over-quota milk as their fellow dairymen. 1989 was the fourteenth year of operating the equalization pool.

A major step forward was made with the inclusion of all milk producers who delivered milk to a processor, other than the two producer processors, into the equalization pool. This allowed all producers to share in the Class II sales even if that producer did not have fluid quota.

Producer returns for industrial milk remained at $40.56/hl for the entire period.

Fluid milk producers experienced a price change of $0.98/hl on Class I milk in June, August and October ending at $51.07/hl.

The audit program of the Board was enhanced substantially during the year. Some reporting procedures were changed. The cooperation provided by the industry is to be commended. We can state with a high degree of confidence that producers have been accurately paid by processors.

The Dairy Board continued to provide funding in support of the Dairy Cost Study participants who provide data to the study.

The cost study results were compared to the fluid milk price as set by the Public Utilities Board to monitor the fluid milk formula. The cost study data demonstrated whether or not producers are earning a reasonable rate of return for their investment and management.

The Board staff have availed themselves to other Departments of Government, Agri-business, other agencies and organizations to provide service to the dairy industry at the highest possible level.

A significant amount of time was exhausted by the Board and its staff on the restructuring decisions taking place within the industry. The present system for producer payment has been in place for fourteen years. Out of this has developed an imbalance of assigned producers and milk utilization by different processors, resulting in large volumes of milk being transferred from one processor to another. The second and probably the most significant driving force is the position of producers who, many without personal choice, are delivering to a cooperative and receive a dividend payment while his neighbour who produces equivalent milk delivers to an independent processor and does not share in the processor's profits.

During this year Holgerson Dairies Inc. of Smoky Lake began production. This processor introduced 2 litre and 1 litre plastic milk jugs to the marketplace.

The Board enjoyed cooperation from all sectors of the industry during the year, including processors, producers, Alberta Milk Producers' Association, other industry groups, Agri-business, several departments of the Alberta Government, Statistics Canada, Agriculture Canada and the Canadian Dairy Commission.

B. National Milk Marketing Plan

The Dairy Board appointed a Market Share Quota Policy Committee. Membership on the committee was from the Alberta Milk Producers' Association, an industrial milk producer assigned to an independent plant, a cream producer, a producer from Northern Alberta Dairy Pool Ltd., and one from Central Alberta Dairy Pool Ltd., two processor representatives (one independent and one co-operative processor), one non-voting Alberta Agriculture representative, as well as the Chairman of the Dairy Board. This committee made recommendations to the Dairy Board on matters relating to the Milk Market Sharing Plan.

The Board developed dairy policy in consultation with the Quota Committee, the Alberta Milk Producers' Association, Alberta Dairymens' Association, and input from individual producers. The policy respecting market share quota remained consistent with previous policy.

The Board operated a Quota Exchange during the year. This Exchange, one for unused the other for used, allows producers to transfer market share quota to other producers in the province. There was slightly less than 1 percent of the provincial MSQ transferred in this manner. The purpose of the Quota Exchange is to allow producers to balance small differences between production and quota in a manner that prevents loss of quota due to underdeliveries, payment of over-quota levies or major management changes simply to protect quota.

During the fiscal year, approximately 6 percent of the provincial MSQ changed hands via complete herd and quota transfers.

Producers who delivered less than 90 percent of MSQ during the period ending July 31st had their quota adjusted to reflect the ability to deliver. Despite the underdeliveries by a few producers, the provincial allotment was exceeded by 3.37 percent.

The number of industrial producers continued to decline combined with a major reduction in the number of cream producers, would suggest possible shortage of deliveries to MSQ. This shortfall has been more than met by fluid milk producers who continue to deliver well above their fluid quotas.

The milk utilized for industrial purposes in Alberta remains around the 55 percent level with liquid milk and cream representing 45 percent of provincial production.

Bill Vonk, Milk Inspector, due to deteriorating health conditions, was placed on long term disability. We all wish Bill a complete recovery.

It is significant to identify that the Dairy Board assessments for operating the Board and paying its staff have remained at the same rate since October 1975.

Respectfully Submitted

L.G. Johnston, Secretary-Manager

FINANCIAL STATEMENTS

of the

ALBERTA DAIRY CONTROL BOARD

1. Balance Sheet

2. Statement of Revenue, Expenditure and Retained Earnings

3. Notes to the Financial Statements

ALBERTA DAIRY CONTROL BOARD

BALANCE SHEET

AS AT MARCH 31, 1989

	1989	1988
ASSETS		
Operating:		
Current:		
Cash	$1,314,199	$1,237,326
Due from processors and producers (Note 3)	492,775	391,177
	1,806,974	1,628,503
Trust: (Note 4)		
Cash	255,114	323,316
Due from processors	797,900	1,070,307
	1,053,014	1,393,623
	$2,859,988	$3,022,126
LIABILITIES AND RETAINED EARNINGS		
Operating:		
Current:		
Due to processors and producers (Note 5)	$ 871,848	$ 815,565
Due to Province of Alberta	41,348	59,097
	913,196	874,662
Retained earnings	893,778	753,841
	1,806,974	1,628,503
Trust (Note 4)	1,053,014	1,393,623
	$2,859,988	$3,022,126

The accompanying notes are part of these financial statements.

ALBERTA DAIRY CONTROL BOARD

STATEMENT OF REVENUE, EXPENDITURE AND RETAINED EARNINGS

FOR THE YEAR ENDED MARCH 31, 1989

	1989	1988
REVENUE		
Assessments:		
Fluid milk quota	$274,604	$262,100
Market share quota	232,581	233,885
Service charges	13,047	9,648
	$520,232	$505,633
EXPENDITURE		
Administration: (Note 6)		
Salaries and employee benefits	$268,893	$304,378
Travel	31,141	33,777
General office	40,071	18,139
Board fees	6,711	7,193
	346,816	363,487
Grants	33,479	33,422
	380,295	396,909
Excess of revenue over expenditure	139,937	108,724
Retained earnings at beginning of year	753,841	645,117
Retained earnings at end of year	$893,778	$753,841

ALBERTA DAIRY CONTROL BOARD

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1989

Note 1 Authority

The Alberta Dairy Control Board operates under the authority of the Dairy Board Act, Chapter D-1, Revised Statutes of Alberta 1980, as amended.

Note 2 Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Due from Processors and Producers

Amounts due from processors and producers consist of the following:

	1989	1988
Operating:		
Price equalization	$443,373	$317,012
Fluid milk quota assessments	30,106	35,597
Market share assessments	18,825	19,221
Quota exchange	-	18,199
Service charges	471	128
Other	-	1,020
	$492,775	$391,177

Note 4 Trust

Under the Comprehensive Milk Marketing Plan, the Board collects levies from processors on behalf of the producers and forwards the levies to the Canadian Dairy Commisssion. A portion of the levies collected can be refunded to producers under certain conditions. During the year, approximately $23,560,800 (1987 - $22,041,700) of levies were collected under the above Plan.

Note 5 Due to Processors and Producers

Amounts due to processors and producers consist of the following:

	1989	1988
Operating:		
Price equalization	$461,971	$334,705
Quota exchange	409,877	480,860
	$871,848	$815,565

Note 6 Administration Costs

Accommodation, office furniture, certain office equipment and certain administrative service costs are borne by the General Revenue Fund and are not reflected in these financial statements. In addition, 25% of all other administration costs of $462,341 (1988 - $484,649) are borne by the General Revenue Fund and are also not reflected in these financial statements.

Note 7 Interest on Cash Deposits and Licence Fee Income

Interest from cash deposits in the Consolidated Cash Investment Trust Fund and licence fee income have been credited directly to the General Revenue Fund.

Note 8 Approval of Financial Statements

These financial statements were approved by management.

T A B L E 1

NUMBER OF MILK PRODUCERS, PROCESSORS AND DISTRIBUTORS AT MARCH 31, 1989

	1989 Producers (Fluid)	1989 Processors	1989 Distributors	1988 Producers (Fluid)	1988 Processors	1988 Distributors
Calgary	667	3	4	657	3	4
Camrose	88	1	4	84	1	4
Crowsnest Pass	10	1	3	10	1	2
Edmonton	446	3	32	446	4	3
Lethbridge	23	2	2	24	2	2
Medicine Hat	-	2	4	-	1	3
Red Deer	-	1	5	-	1	4
Other Areas	230	13	83	216	12	68
TOTAL	1,464	26	137	1,437	25	90

Note 1: 1989 average daily shipment per producer was 1,073 litres.

Note 2: The above 1,464 fluid producers include those delivering to plants processing industrial dairy products.

T A B L E 2

FLUID MILK CONSUMPTION IN LITRES, APRIL 1 TO MARCH 31

AREAS	1988/89	1987/88	1986/87	1985/86	1984/85
Southern	125,935,278	126,860,647	24,028,928	23,356,130	22,661,872
Central			101,898,116	99,819,463	97,266,735
Northern	130,351,712	130,100,967	129,188,009	129,671,189	129,196,146
TOTAL	256,286,990	256,961,614	255,115,053	252,846,782	249,124,753

Note: Fluid milk consumption includes Homo, Standard, 2%, 1%, Skim, Chocolate, Buttermilk and Egg Nog.

T A B L E 3

FLUID CREAM CONSUMPTION IN LITRES, APRIL 1 TO MARCH 31

AREAS	1988/89	1987/88	1986/87	1985/86	1984/85
Southern	5,124,870	5,033,899	777,732	742,302	621,412
Central			3,987,056	3,879,448	3,783,461
Northern	5,135,730	5,055,529	4,891,827	4,803,752	4,555,010
TOTAL	10,260,600	10,089,428	9,656,615	9,425,502	8,959,883

T A B L E 4

TOTAL SALES OF FLUID MILK MONTHLY, APRIL 1, 1988 TO MARCH 31, 1989, IN LITRES
HOMO, 2%, 1%, SKIM, CHOCOLATE, BUTTERMILK AND EGG NOG

	Southern	Northern	Total	Cumulative
April	9,973,728	10,248,909	20,222,637	20,222,637
May	10,228,351	10,773,815	21,002,166	41,224,803
June	10,426,672	10,727,675	21,154,347	62,379,150
July	9,530,716	9,647,563	19,178,279	81,557,429
August	9,831,815	10,073,518	19,905,333	101,462,762
September	10,749,943	11,143,187	21,893,130	123,355,892
October	10,779,007	10,992,945	21,771,952	145,127,844
November	10,751,942	11,080,796	21,832,738	166,960,582
December	11,290,206	11,853,821	23,144,027	190,104,609
January	11,006,529	11,304,097	22,310,626	212,415,235
February	10,089,461	10,567,254	20,656,715	233,071,950
March	11,276,905	11,938,135	23,215,040	256,286,990

TABLE 5

SALES OF HOMO - MONTHLY, APRIL 1, 1988 TO MARCH 31, 1989, IN LITRES

	Southern	Northern	Total	Cumulative
April	1,950,293	2,123,061	4,073,354	4,073,354
May	2,000,258	2,262,740	4,262,998	8,336,352
June	2,017,419	2,248,342	4,265,761	12,602,113
July	1,873,445	2,037,271	3,910,716	16,512,829
August	1,933,012	2,154,513	4,087,525	20,600,354
September	2,068,978	2,278,768	4,347,746	24,948,100
October	1,998,716	2,222,014	4,220,730	29,168,830
November	2,025,689	2,207,988	4,233,677	33,402,507
December	2,047,730	2,327,136	4,374,866	37,777,373
January	2.068,580	2,274,648	4,343,228	42,120,601
February	1,904,008	2,128,728	4,032,736	46,153,337
March	2,107,886	2,395,029	4,502,915	50,656,252

T A B L E 6

SALES OF 2% PARTLY SKIMMED MILK MONTHLY, APRIL 1, 1988 TO MARCH 31, 1989, IN LITRES

	Southern	Northern	Total	Cumulative
April	6,437,654	6,624,952	13,062,606	13,062,606
May	6,555,131	6,941,353	13,496,484	26,559,090
June	6,691,140	6,887,660	13,578,800	40,137,890
July	5,803,631	5,910,344	11,713,975	51,851,865
August	5,829,043	5,966,417	11,795,460	63,647,325
September	6,273,463	6,605,303	12,878,766	76,526,091
October	6,022,486	6,395,645	12,418,131	88,944,222
November	6,034,394	6,339,103	12,373,497	101,317,719
December	6,088,140	6,557,779	12,645,919	113,963,638
January	6,180,115	6,509,314	12,689,429	126,653,067
February	5,625,448	6,051,837	11,677,285	138,330,352
March	6,271,979	6,777,415	13,049,394	151,379,746

T A B L E 7

SALES OF 1% PARTLY SKIMMED MILK MONTHLY, APRIL 1, 1988 TO MARCH 31, 1989, IN LITRES

	Southern	Northern	Total	Cumulative
April	-	-	-	-
May	-	-	-	-
June	30,928	63,636	94,564	94,564
July	411,191	422,343	833,534	928,098
August	610,270	614,646	1,224,916	2,153,014
September	811,086	810,937	1,622,023	3,775,037
October	1,143,729	887,228	2,030,957	5,805,994
November	966,215	946,829	1,913,044	7,719,038
December	1,010,248	953,516	1,963,764	9,682,802
January	1,142,666	1,039,949	2,182,615	11,865,417
February	1,090,207	1,008,767	2,098,974	13,964,391
March	1,222,570	1,139,200	2,361,770	16,326,161

T A B L E 8

SALES OF SKIM MILK MONTHLY, APRIL 1, 1988 TO MARCH 31, 1989, IN LITRES

	Southern	Northern	Total	Cumulative
April	986,422	931,076	1,917,498	1,917,498
May	1,013,986	976,470	1,990,456	3,907,954
June	1,023,944	948,598	1,972,542	5,880,496
July	817,965	747,628	1,565,593	7,446,089
August	801,540	755,478	1,557,018	9,003,107
September	890,721	831,870	1,722,591	10,725,698
October	876,502	825,389	1,701,891	12,427,589
November	883,632	822,832	1,706,464	14,134,053
December	870,090	813,951	1,684,041	15,818,094
January	957,762	870,006	1,827,768	17,645,862
February	863,117	789,957	1,653,074	19,298,936
March	982,764	950,334	1,933,098	21,232,034

T A B L E 9

SALES OF CHOCOLATE MILK MONTHLY, APRIL 1, 1988 TO MARCH 31, 1989, IN LITRES

	Southern	Northern	Total	Cumulative
April	530,442	497,035	1,027,477	1,027,477
May	581,009	510,898	1,091,907	2,119,384
June	580,525	491,386	1,071,911	3,191,295
July	544,370	453,777	998,147	4,189,442
August	581,209	500,924	1,082,133	5,271,575
September	628,110	557,278	1,185,388	6,456,963
October	623,307	556,497	1,179,804	7,636,767
November	614,500	544,349	1,158,849	8,795,616
December	554,281	502,895	1,057,176	9,852,792
January	592,708	537,287	1,129,995	10,982,787
February	539,785	511,358	1,051,143	12,033,930
March	614,562	585,494	1,200,056	13,233,986

T A B L E 10

SALES OF BUTTERMILK MONTHLY, APRIL 1, 1988 TO MARCH 31, 1989, IN LITRES

	Southern	Northern	Total	Cumulative
April	68,610	72,785	141,395	141,395
May	77,645	82,355	160,000	301,395
June	82,328	88,053	170,381	471,776
July	79,711	76,201	155,912	627,688
August	76,324	81,541	157,865	785,553
September	75,882	56,415	132,297	917,850
October	67,188	72,655	139,843	1,057,693
November	71,089	71,608	142,697	1,200,390
December	63,307	71,721	135,028	1,335,418
January	73,321	70,273	143,594	1,479,012
February	66,482	70,084	136,566	1,615,578
March	76,719	84,912	161,631	1,777,209

T A B L E 11

SALES OF EGGNOG MONTHLY, APRIL 1, 1988 TO MARCH 31, 1989, IN LITRES

	Southern	Northern	Total	Cumulative
April	308	-	308	308
May	323	-	323	631
June	388	-	388	1,019
July	403	-	403	1,422
August	417	-	417	1,839
September	1,703	2,616	4,319	6,158
October	47,082	33,518	80,600	86,758
November	156,422	148,088	304,510	391,268
December	656,410	626,823	1,283,233	1,674,501
January	(8,624)	2,621	(6,003)	1,668,498
February	415	6,522	6,937	1,675,435
March	425	5,741	6,166	1,681,601

T A B L E 12

SALES OF FLUID CREAM MONTHLY, APRIL 1, 1988 TO MARCH 31, 1989, IN LITRES

	Southern	Northern	Total	Cumulative
April	400,492	386,828	787,320	787,320
May	411,602	417,992	829,594	1,616,914
June	435,096	424,580	859,676	2,476,590
July	420,623	417,044	837,667	3,314,257
August	436,902	440,974	877,876	4,192,133
September	436,570	431,939	868,509	5,060,642
October	428,326	442,463	870,789	5,931,431
November	417,002	424,293	841,295	6,772,726
December	500,118	506,415	1,006,533	7,779,259
January	401,372	391,960	793,332	8,572,591
February	384,491	385,379	769,870	9,342,461
March	452,276	465,864	918,140	10,260,601

T A B L E 13

TOTAL SALES OF MILK AND CREAM IN LITRES BY SIZE OF CONTAINERS, APRIL 1, 1988 TO MARCH 31, 1989

	Fluid Milk Products	% of Total	Cream	% of Total	Total all Products	% of Total
20 litres	9,645,610	3.76	181,120	1.77	9,826,730	3.69
4 litres	20,293,260	7.92			20,293,260	7.61
2 litres	184,985,916	72.18			184,985,916	69.40
1 litre	27,356,007	10.68	2,950,460	28.75	30,306,467	11.37
500 ml	6,308,648	2.46	3,158,218	30.78	9,466,866	3.55
250 ml	7,697,549	3.00	986,233	9.61	8,683,781	3.26
Creamer			2,984,570	29.09	2,984,571	1.12
TOTAL LITRES	256,286,990	100.00	10,260,601	100.00	266,547,591	100.00

T A B L E 14

PERCENTAGE OF SALES BY PRODUCT SIZE, APRIL 1, 1988 TO MARCH 31, 1989

	20 Litres	4 Litres	2 Litres	1 Litre	500 ml	250 ml & 125 ml	Creamers
Homogenized	5.10%	9.85%	75.09%	9.41%	.50%	.05%	-
2%	3.88%	9.72%	75.68%	6.66%	1.49%	2.57%	-
1%	.46%	.67%	89.04%	9.78%	-	.05%	-
Skim	.27%	2.30%	81.69%	14.61%	.07%	1.06%	-
Chocolate	7.66%	-	-	36.99%	28.58%	26.77%	-
Buttermilk	2.71%	-	-	97.29%	-	-	-
Eggnog	.04%	-	29.47%	70.46%	-	.03%	-
10% Cream	2.43%	-	-	22.49%	33.18%	2.11%	39.79%
18% Cream	-	-	-	-	-	-	100.00%
Whip Cream	-	-	-	45.68%	24.65%	29.67%	-

T A B L E 15

TOTAL FLUID SALES BY PRODUCT IN LITRES, APRIL 1, 1988 TO MARCH 31, 1989

	Southern	Northern	Total
Homo	23,996,014	26,660,242	50,656,256
1%	8,439,110	7,887,051	16,326,161
2%	73,812,626	77,567,121	151,379,747
Skim	10,968,444	10,263,590	21,232,034
TOTAL	117,216,194	122,378,004	239,594,198
Chocolate	6,984,809	6,249,176	13,233,985
Buttermilk	878,603	898,603	1,777,206
Egg Nog	855,672	825,929	1,681,601
TOTAL	8,719,084	7,973,708	16,692,792
Cream	5,124,870	5,135,730	10,260,600
TOTAL	131,060,148	135,487,442	266,547,590

T A B L E 16

FLUID & INDUSTRIAL MILK PURCHASED FROM MILK PRODUCERS IN LITRES

AREAS	1988/89	1987/88	1986/87
Southern	308,284,571	305,847,907	39,624,634
Central			290,021,776
Northern	266,473,642	266,628,711	239,181,102
TOTAL	574,758,213	572,476,618	568,827,512

TABLE 17

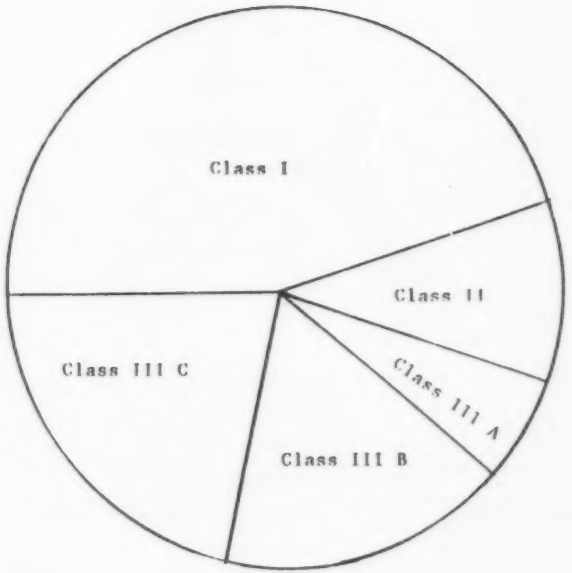
CLASS I SALES, UTILIZATION PERCENTAGE OF QUOTA MILK
APRIL 1 TO MARCH 31

Month	Class 1 Sales 1988-1989	% Utilization 1988-1989	Class 1 Sales 1987-1988	% Utilization 1987-1988
April	20,575,054	72.39	20,914,116	74.15
May	21,376,247	72.64	21,126,814	72.48
June	21,741,664	76.19	21,076,512	74.64
July	19,561,306	67.04	21,091,091	72.72
August	20,435,398	69.48	19,721,744	68.11
September	22,315,356	77.65	21,138,810	75.62
October	22,176,960	75.00	23,565,118	80.80
November	22,119,611	77.22	21,676,258	76.59
December	22,815,011	76.91	22,716,955	77.41
January	22,681,120	76.52	21,751,861	73.90
February	21,054,148	78.76	21,746,360	79.14
March	23,723,947	80.13	23,592,972	80.26
TOTAL	260,575,822	74.96	260,118,611	75.48

T A B L E 18

UTILIZATION OF QUALIFYING MILK BY CLASS
APRIL 1, 1988 TO MARCH 31, 1989

	Litres	Percentage
Class I	260,575,822	45.53%
Class II	62,562,381	10.93%
Class IIIA	35,180,844	6.15%
Class IIIB	96,222,115	16.81%
Class IIIC	117,743,541	20.58%
Class IV	-	-



T A B L E 19

MILK AND CREAM PRODUCTION BY SECTORS EXPRESSED IN KILOGRAMS OF BUTTERFAT OR EQUIVALENT

APRIL 1 TO MARCH 31

SECTOR	1988/89	1987/88	1986/87	1985/86
* Fluid		19,663,104	19,112,217	18,103,438
Industrial		961,300	1,449,584	1,419,995
TOTAL MILK	20,694,890	20,624,404	20,561,801	19,523,433
INDUSTRIAL CREAM	573,661	684,099	787,004	870,111
TOTAL PRODUCTION	21,268,551	21,308,503	21,348,805	20,393,544
Percent Change from Previous Year	- 0.19	- 0.19	+ 4.68	- 3.77

* Converted to Butterfat using 3.6 kilograms of B.F. per hectolitre of milk.

T A B L E 20

GRADUATED ENTRY PLAN STATISTICS

	1988	1987	1986	1985	1984	1983
Applications Received	0	0	58	56	18	40
Applications Accepted	0	176	0	0	0	0
Initial Allotment - Litres	0	8,785	0	0	0	0
2nd year daily allotment - Litres	8,400	0	0	0	0	3,865
3rd year daily allotment - Litres	0	0	0	0	2,435	14,250
TOTAL LITRES (By Year)	8,400	8,785	0	0	2,435	18,115
Total Applications Accepted Since January 1, 1975	1,106	1,106	930	930	930	930
Total Litres to Date	328,705	320,305	311,520	311,520	311,520	309,085

T A B L E 21

UNUSED MARKET SHARE QUOTA

EXCHANGE FIGURES

Month	1988-89		1987-88		1986-87		1985-86	
	$ MCP	KG'S SOLD	$ MCP	KG'S SOLD	$ MCP	KG'S SOLD	$ MCP	KG'S SOLD
October	15.00	897	15.00	10,208	8.50	5,637	8.50	9,755
November	16.00	7,164	17.00	7,327	9.50	13,575	8.50	21,129
December	15.00	4,593	17.00	13,240	10.00	3,314	8.50	15,017
January	15.00	4,648	17.00	12,908	10.00	3,244	8.50	6,148
February	14.75	19,345	19.00	8,445	12.00	10,074	9.00	14,562
March	15.00	23,009	20.00	19,727	12.00	2,698	10.00	9,224
April	16.00	21,745	21.00	19,399	13.00	2,754	9.00	27,766
May	15.50	35,913	22.00	16,216	16.00	12,127	8.00	40,842
June	14.75	35,289	21.00	16,245	18.00	14,275	6.00	49,146
July	14.00	42,806	20.00	22,852	-	0	-	0
TOTAL WEIGHTED AVERAGE								
PRICE	14.80	195,409	19.37	146,567	13.04	67,698	7.94	193,589

TABLE 22

USED MARKET SHARE QUOTA

EXCHANGE FIGURES

Month	1988-89		1987-88		1986-87		1985-86	
	$ MCP	KG'S SOLD	$ MCP	KG'S SOLD	$ MCP	KG'S SOLD	$ MCP	KG'S SOLD
October	12.00	1,000	14.00	1,753	6.00	377	6.00	824
November	11.00	1,454	12.00	498	7.50	1,083	6.00	2,830
December	10.00	1,657	12.00	2,939	8.00	198	6.50	763
January	10.00	3,736	10.00	721	8.00	160	6.50	2,222
February	9.00	3,235	9.00	1,725	8.50	3,509	6.00	3,214
March	8.50	7,353	12.00	5,985	8.50	1,298	5.00	1,788
April	8.50	9,256	14.00	4,876	10.00	456	6.00	7,516
May	9.00	12,025	15.00	4,226	12.00	1,036	-	0
June	9.00	10,566	15.00	1,651	13.00	943	6.00	8,792
July	9.00	10,478	15.00	7,220	-	0	-	0
TOTAL WEIGHTED AVERAGE PRICE	9.05	60,760	13.45	31,594	9.20	9,060	5.99	27,949

T A B L E 23

MILK PRICES: CLASS I, II, III, QUOTA AND OVER-QUOTA

1988

	Jan.	Feb.	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.
Class I	48.13	48.13	48.13	48.13	48.13	49.11	49.11	50.09	50.09	51.07	51.07	51.07
Class II	41.78	42.36	42.36	42.36	42.36	42.36	42.36	42.36	42.36	42.36	42.36	42.36
Class III	39.98	40.56	40.56	40.56	40.56	40.56	40.56	40.56	40.56	40.56	40.56	40.56
Quota Milk Price	46.10	46.57	46.66	46.15	46.11	46.68	46.32	47.12	47.95	48.53	48.67	48.69
Over-Quota Milk Price	40.38	40.84	40.81	40.92	40.89	40.74	40.87	40.76	40.83	40.97	40.88	40.87

1987

	Jan.	Feb.	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.
Class I	48.13	48.13	48.13	48.13	48.13	47.61	47.15	47.15	47.71	48.13	48.13	48.13
Class II	41.48	41.48	41.48	41.48	41.48	41.48	41.48	41.48	41.48	41.48	41.78	41.78
Class III	39.68	39.68	39.68	39.68	39.68	39.68	39.68	39.68	39.68	39.68	39.98	39.98
Quota Milk Price	46.38	46.31	46.18	46.03	45.83	45.66	45.12	44.83	45.85	46.59	46.28	46.32
Over-Quota Milk Price	40.03	39.96	40.08	40.21	39.84	39.96	39.93	40.01	40.10	40.29	40.35	40.26